



ENTERED
01/13/2016

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

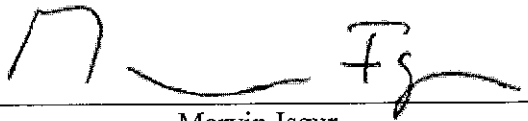
IN RE:	§	Chapter 11
	§	
BLACK ELK ENERGY OFFSHORE	§	Case No. 15-34287 (MI)
OPERATIONS, LLC	§	
	§	

INTERIM ORDER AUTHORIZING USE OF CASH COLLATERAL

1. On December 15, 2015, this Court entered an *Interim Order Authorizing Use of Cash Collateral* (Dkt. No. 532) (the "Interim Cash Collateral Order"). The terms of the Interim Cash Collateral Order are hereby continued through and including January 19, 2016. The Debtor's cash may only be used in accordance with the attached budget.

Signed:

January 13, 2016


Marvin Isgur
United States Bankruptcy Judge

Black Elk Energy

Cash Flow Projection

GLOBAL NOTE TO BUDGET: These projections have been prepared solely for the purposes of the Debtor's Motion for Entry of DIP Order and are based exclusively on information provided by the Debtor. There is a need for continuing due diligence which may result in material deviations from these projections. The associated footnotes on the following page are integrated into the budget and should be read in conjunction therewith.

NOTES		Projected	Projected	Projected
		Week 16	Week 17	Week 18
	Starting:	1/4/2016	1/11/2016	1/18/2016
	Ending:	1/10/2016	1/17/2016	1/24/2016
	Operating Cash Receipts			
1	Operating Receipts	-	-	-
1	Non-Operating Receipts	-	-	72,433
	Service Receipts	-	-	-
2	JIB Receipts	23,289	-	-
	Other non-recurring proceeds	-	-	-
	Other Receipts	-	-	-
	Total Receipts, Gross	23,289	-	72,433
	Royalties & Severance Taxes Paid	-	-	(31,840)
	Total Operating Receipts, Net	23,289	-	40,593
3	Lease Operating Expenses- Non-production related	(41,013)	(19,376)	(15,000)
	Lease Operating Expenses- Maintenance	(2,500)	(9,000)	(2,500)
4	Lease Operating Expenses- HSE & C	(77,800)	(86,665)	(77,800)
	Lease Operating Expenses- Production related	-	-	-
5	JIB Disbursements	-	-	-
	Direct Operating Disbursements	(121,313)	(114,041)	(95,300)
	Salary Payroll	(35,210)	-	(35,210)
	Payroll Tax	(12,676)	-	(12,676)
	Payroll Fee	-	(323)	-
	Benefits Expense	(14,970)	-	-
	Workman's Compensation	(1,342)	-	-
	401K Expense	-	-	-
6	Other Payroll	-	(14,000)	-
	Reimbursable Employee Expenses	(1,056)	-	(1,056)
	Payroll Related Expenses	(65,254)	(14,323)	(48,942)
	Rent and Leases	-	-	-
	Utilities	-	-	-
7	Insurance	-	(133,512)	-
8	Surety bond premiums	-	-	(36,472)
	IT & Systems	-	(785)	-
	Independent Director's Fees	(35,000)	-	-
	Other G&A	(2,000)	(3,850)	(3,787)
	General and Administrative	(102,254)	(152,471)	(89,200)
	Total Operating Disbursements	(223,567)	(266,512)	(184,500)
	OPERATING CASH FLOW	(200,278)	(266,512)	(143,908)
9	Surety bond proceeds	-	-	-
	Other Non- Operating Proceeds	-	-	-
10	Debtor Professional Fees	(175,000)	-	(425,000)
	UCC Professional Fees	(100,000)	-	(100,000)
	Indenture Trustee Professional Fees	-	-	-
	Ad Hoc Professional Fees	-	-	0
	U.S. Trustee Professional Fees	-	-	(4,875)
	Required Deposits	-	-	-
	Total Misc. Disbursements	(275,000)	-	(529,875)
11	Accrued Unpaid Expenses	(1,030,000)	(63,744)	-
	P&A Contractor Contingency	-	-	-
	Principal Payments	-	-	-
	Interest Payments & Fees	-	-	-
	Total Debt Service Expenses	-	-	-
	NET CASH FLOW	(1,505,278)	(330,256)	(673,783)
	Beginning Cash Balance	2,065,786	560,508	230,252
	Net Cash Flow	(1,505,278)	(330,256)	(673,783)
	Ending Cash Balance	560,508	230,252	(443,531)
	Week Ending:	1/10/2016	1/17/2016	1/24/2016

Incorporated Notes to Budget:

1. Oil and Gas Receipts: The Debtor was recently informed that BSEE had removed the shut in order and is contemplating the economic benefit to produce or not to produce. The last operating receipts were received week of 9.21.
2. JIB Receipts: Based on analysis of historical data which is unreliable. JIB receipts are difficult to estimate as it tends to be up to the partners' discretion when and if these are paid.
3. LOE- Non-Production Related: Vendors included in this analysis are those provided by the Debtor's management to date.
4. Lease Operating Expenses- HSE & C: Consists primarily of Island Operating's pollution matrix inspections at ~\$78k per week. Pending BSEE approval, the Debtor intends to deinventory a number of platforms which could reduce Island's cost by ~40%. The deinventory process is expected to take 40-60 days and cost the debtor ~\$250-300k. As the project cost will be offset through the reduction of Island's expense and completed near the end of this projection period, net cost reductions will begin to accrue to the Debtor in early 2016.
5. JIB Disbursements: The Debtor is evaluating payment of joint interest billings on an as required basis. Currently, there are no JIB disbursements being made.
6. Other Payroll: Includes costs for support staff from an independent accounting firm as well as SEMs management and regulatory personnel to support the Company after certain employee terminations.
7. Insurance: Relates primarily to insurance for Black Elk and TKN properties, ~\$50k and \$83k, respectively. The Debtor is actively reviewing its insurance needs.
8. Surety Bond Premiums: Pending confirmation from the Debtor's bonding agent regarding timing of premium payments.
9. Surety Bond Proceeds: A. Release of funds associated with the 9019 Order.
B. Subject to cash collateral order.
10. Debtor Professional Fees: Includes fees for the Debtor's CRO and Financial Advisor, Blackhill Partners, for \$175k per month plus ~\$20k per month for expenses. The remainder includes fees for legal counsel to the Debtor, and will be subject to a future procedures order and fee applications. The increase in legal fees take into consideration the need for additional resources as the case progresses.
11. Accrued Unpaid Expenses: Represents fees payable under the compensation procedures order, including prior period earned fees as well as the applicable hold backs under the order.